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The President's Scratch-Pad

Super-Seniority for Veterans

Many problems involving reemployment of veterans remain to be solved, and new problems which cannot now be foreseen may be expected to arise later. It is only natural that this should be so; when the Selective Service Act was passed, neither industry nor government had had any experience with legally enforced reemployment for veterans, and it was hardly likely that every contingency could be provided for in the original law.

Now, however, the pattern is beginning to take shape, and the areas in which conflict is most likely to occur are discernible. Chief among these is the whole field of seniority. Here Selective Service's Local Board Memorandum 190-A and the views of the unions are diametrically opposed, while the employer is squarely in the middle trying to reconcile the conflicting claims as best he can.

MEMORANDUM 190-A

Briefly, the Memorandum provides that the veteran must be reinstated in his old position, or one of like seniority, status, and pay, even though reinstatement means the displacement of another worker with greater seniority. What the employer is to do when this provision comes into conflict with a union contract is not stated.

A CASE IN POINT

How serious the conflict between existing seniority rules and Memorandum 190-A may become is illustrated by the case of the Scovill Manufacturing Company, Waterbury, Conn., whose troubles were recently aired before the Regional War Labor Board in Boston. The company proposed to add a clause to its

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PROGRAM OF LOCAL CONFERENCES PLANNED BY FOUR AMA DIVISIONS

Insurance, Personnel, Packaging, and
Production Divisions to Have Meetings

During the months immediately ahead and until the general ban on national conventions is lifted, the AMA will hold a series of local conferences differing from past AMA meetings only in that attendance will be restricted to those living or working in the area where the conference is held.

Adoption of this policy by the officers and directors of the Association has come after several weeks of intensive study of AMA membership problems and following clarification of policies of the War Committee on Conventions, which place no restrictions on purely local gatherings.

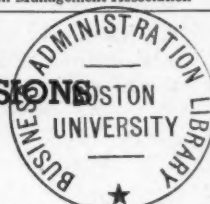
SAME STANDARDS OF DISCUSSION

In letters sent this week to Council members of those divisions of AMA scheduled to hold conferences during the late winter and spring of 1945, President Dodd pointed out that carefully planned and well-arranged local conferences will serve to help realize AMA's fundamental objectives because, while attendance will be restricted, the printed papers and discussions will reach everyone. "The local meetings will be just as valuable and just as important to management as the regular conferences," Mr. Dodd said.

Accordingly conferences have been scheduled through the spring of 1945 for the Insurance, Personnel, Packaging, and Production Divisions. Present planning calls for holding all these conferences in New York, with the possible exception of a second Personnel Conference in June in Chicago. Plans for this latter conference are tentative, depending upon other factors in the AMA calendar of activities and possible changes in the regulations of the ODT. In the meantime, as experience is gained, the AMA will plan to take meetings to other centers.

ONLY FOR THOSE IN AREA WHERE HELD

In announcing individual conferences as they take place, the AMA will stress that attendance is permitted only to those who live or work in the area in which the meeting is held, and that intercity travel for the purpose of attendance is a violation of the regulations of the War Committee on Conventions. Out-of-town members will receive complete reports of all discussions, which will be of the same quality in all respects as those of past meetings. Members with offices in the city where the meeting occurs are also advised to enlist the service of resident executives in getting reports of topics of special importance.



Trends in Business

GENERAL OUTLOOK

Estimates of V-E day cutbacks now range all the way from 15 per cent to as high as 75 per cent, with a considerable section of opinion holding to the figure of 17 per cent. Drastic slashes in cut-back estimates are based on the belief that it will not be feasible to ship excess matériel from Europe to the Eastern war theater—which might mean peak production at home for some time to come.

If matters do work out that way, says The Cleveland Trust Company, "the shift-over to the production of civilian goods, and the revival of civilian construction, will be slower than was being generally assumed a few weeks ago. There will be less unemployment in the near future . . . but more unemployment later on when the war with Japan ends. Another general result will be that the multiple controls over the civilian economy will be longer extended and more strictly administered than had been assumed."

According to *Business Week*, however, "Bets that the cutbacks will top 20 per cent in the first 90 days after Germany falls, will total between 30 per cent and 40 per cent within a year, still are good. . . Grant that little or nothing in the way of arms will be shipped from Europe to the Pacific, there still will be enormous stocks of goods in this country to be added to the then current production."

AGRICULTURE

Final Department of Agriculture figures on 1944 crop yields show that the harvest was about equal to the bumper yield of 1942, and some 6 per cent larger than that of 1943. Yields of 23 of the 26 major crops were larger than the averages in the ten-year period 1933-42.

Farmers' total cash income reached \$21,207,000,000 in 1944, a record figure. In 1943, farm income was \$19,924,000,000; in 1938, it was \$8,168,000,000. Farm purchasing power in 1944 was .9 per cent above the level of 1943, 81.4 per cent over that of 1938.

SOURCES:

ALEXANDER HAMILTON INSTITUTE
BROOKMIRE, INC.
BUSINESS WEEK
CLEVELAND TRUST COMPANY
DUN'S REVIEW
FEDERAL RESERVE BANK OF
NEW YORK
NATIONAL CITY BANK

COST OF LIVING

The Bureau of Labor Statistics cost of living index edged up .4 points from November to December, reaching 127.0, highest peak of the war period. Largest increase was registered by the house-furnishings component which rose from 141.7 in November to 143.0 in December. Appreciable advances were also made by food (from 136.5 to 137.4), and clothing (from 142.1 to 142.8). Fuel, ice, electricity declined from 109.9 to 109.4.

In January, 1944, the index stood at 124.2, with food at 136.1, clothing at 134.7, housefurnishings at 128.3, and fuel, ice, and electricity at 109.5.

CONSTRUCTION

Building contracts (F. W. Dodge Corporation figures) declined 48.3 per cent from 1943, to only 230,000,000 square feet of new floor space in 1944; and the downtrend is expected to continue as long as the war lasts.

DISTRIBUTION

Total retail sales in 1944 topped 1943 figures by more than \$5,000,000,000, rising from \$63,680,000,000 to \$69,275,000,000, and this year's sales show considerable advance over the corresponding periods last year. In the week ending January 20, department store sales were up 11 per cent from 1943; in the week ending January 27, the rise was 17 per cent; and in the week ending February 3, it was 11 per cent.

FOREIGN TRADE

Although exports, swelled by lend-lease, were naturally far above imports, the latter were larger in 1944 than in any year since 1929. Excluding lend-lease shipments from the picture, imports topped exports by more than \$1,000,000,000.

PRODUCTION

Over-all production has been maintained at approximately the same level since last July. In that month, the Cleveland Trust Company's index of industrial output stood at 30.8 per cent above the computed normal level, while the preliminary figure for December is 29.6 per cent above normal. Peak production occurred in October, 1943, when the index figure was 40.8 per cent above normal.

HEARD AT AMA MEETINGS

WHERE THE MONEY GOES

Perishable goods production—output of manufactured food products, beverages, tobacco, and products made from petroleum and coal (principally gasoline)—represents a relatively stable part of total production, Dr. Charles F. Roos, President, The Econometric Institute, Inc., pointed out. However, he noted, people do tend to consume more processed food as income increases, since they eat more processed cereals, etc., instead of the bread, potatoes, and similar products which go to make up the major portion of the diet of the lower income groups.

In semi-durable consumers' goods production, national income or purchasing power plays a more important role, he continued, and "as a general rule one can say that the longer the life of a product and the higher its price, the greater is its response to changes in income. For instance, the number of cheap handkerchiefs or men's socks consumed shows very little response to changes in income, whereas the number of women's and misses' \$25-\$35 dresses shows considerable response." (*Marketing Conference, January 3-5, New York City*)

INCENTIVES AND INGENUITY

Operators working under incentives sometimes devise improvements which enable them to double or treble their earnings. If they are allowed to continue at the same rate, compensation plans get out of line, and other employees become disgruntled. If management merely restudies the jobs, the ingenious operators have a legitimate grievance.

A way out of this dilemma was suggested by Harold B. Maynard, President, Methods Engineering Council. Incentive payments, he pointed out, should be compensation for extra effort, while *ingenuity* should be rewarded in some other way. One firm, he reported, restudies the job in such a case, but allows the inventor of the new method a lump sum payment—amounting to the net saving for the next six months, up to \$1,000. (*Production Conference, November 13-14, New York City*)

RESEARCH DEPARTMENT

The NWLB Panel Report on Foremen

Important changes in foremen-management relationships may occur in the near future. These may be partly government-imposed, partly originated by management itself. Many of them may be initiated as a result of the NWLB Foreman Panel report which was transmitted to the Board on January 31, 1945.

The Panel was appointed by the NWLB in May, 1944, after a strike in Detroit automotive-aircraft plants. The report itself is a mimeographed document of 175 pages and was written by Sumner H. Slichter of Harvard University (Chairman), Dean Robert D. Calkins of Columbia University and William H. Spohn, lawyer and arbitrator at the Allis-Chalmers Manufacturing Company.

Its most important conclusions may be summarized as follows:

I. JOB SECURITY

The Panel felt that the foremen's fear of postwar demotion and dismissal might be one of the principal reasons why their interest in organizing is out of proportion to their grievances. Foremen before the Panel came almost entirely from industries in which an enormous expansion of production had taken place during the war. The inevitability of a drastic reduction of employment, the rising opposition of rank-and-file unions to granting foremen accumulated seniority when they return to the ranks, the uncertainty in the minds of many foremen about where the blow of demotion would fall—all greatly contribute to the current feeling of unrest.

Foreman unions all requested that seniority be given greater consideration in making layoffs. The Panel, however, was strongly opposed to government direction in management decisions on lay-off, demotion or transfer.

II. COMPENSATION

The Panel found that the general level of supervisory compensation is not a serious complaint. Supervisors who are department heads receive "take home" earnings from \$275 to \$650 a month, which places them in the upper third of all income recipients. In all companies, except one, foremen receive overtime pay.

As regards a night-shift bonus, the Panel recommended that it should be paid if a number of conditions were fulfilled: (1) It is customary to do so in the area and in the industry; (2) the responsibilities of day-shift and night-shift supervisors are the same; (3) rank-and-file employees receive a night-shift bonus.

With reference to sick pay, the Panel recommended that its installation, continuation, and terms should remain within management's discretion, but that companies should clear up uncertainties and misinformation among their supervisors. Finally, the Panel felt that companies should review all supervisory salaries and rates every 12 months so as to eliminate inequities between foremen doing similar work.

III. COMMUNICATION WITH HIGHER MANAGEMENT

Foremen, the Panel held, did have important grievances three or four years ago, but at present they have only few well-supported complaints. But, it felt, they still have a number of lesser grievances which may cause serious discontent; and some are likely to arise in the future in connection with demotion and layoffs.

The Panel believes, moreover, that present procedures for settling foremen's grievances are inadequate: The "open door" of top management is not always open; in any case, supervisors may regard it as improper or useless to go over the head of their superiors. The "grapevine" is both inadequate and undignified as a channel of communication for members of management.

For these reasons the Panel recommends that each of the companies before it should be requested to submit to NWLB a proposal for grievance machinery for foremen which should embody at least the following:

Foremen or groups of foremen who cannot adjust their grievances with their superiors shall have the right to be heard by one or more members of higher management who shall ordinarily give a final decision. Alternately, such a grievance may be presented by one or more foremen selected by the aggrieved individual or group. Special hours are to

be set aside for the presentation of grievances; decisions shall be made within a reasonable time (ordinarily a week) and be communicated promptly in writing.

The Panel is not in favor of terminating the grievance procedure by arbitration. If an arbitrator were to overrule the judgment of management in disputes relating to foremen, it feels, the essential relationship of trust would be destroyed, and the result might be adverse.

IV. RECOGNITION

By its terms of reference the Panel was not authorized to discuss recognition and bargaining rights. This is a matter for the National Labor Relations Board (which is now considering the matter in the Packard case). The creation of a formal grievance procedure, the Panel felt, would not be equivalent to recognition. "Merely hearing a group of foremen is not collective bargaining. The end result in presenting a complaint is arrived at by the unilateral decision by management."

CONCLUSION

It should be noted that the Panel's report is not necessarily representative of the situation among foremen as it exists in American industry generally. In the automobile industry particularly, the responsibilities and authority of the foreman have perhaps declined more than in most other industries. Furthermore, the likelihood of a reduction of employment is greater there than elsewhere. Finally, many of the plants involved are very large; hence the problem of communication is considerably aggravated.

Some of the implications of the Panel's report are discussed in AMA's *Research Report Number Six* on "The Unionization of Foremen," which has just been published. This study describes in detail the various foremen's unions, their growth, organization tactics, and objectives. There is also an account of the grievance machinery and what it means to management, a clear and comprehensive summary of the complicated legal status of supervisory unions, and a discussion of the consequences of unionization as viewed by management representatives, unionized and non-unionized foremen. The report concludes with a brief discussion of the future outlook for foremen's unions. A second AMA report, shortly to be published, will deal with the development of foremen in management.

ACTIVITIES of the AMA

Federal Control, New Boiler Policy To Be Discussed at Insurance Meeting

Probable effects of federal supervision of insurance will be discussed by E. W. Sawyer, Attorney, National Bureau of Casualty and Surety Underwriters, at AMA's local Insurance Conference, to be held March 21-22 at the Hotel New Yorker, New York City. This is the first of a series of meetings attendance at which will be confined to those in the area, in conformity with the government ban on national conventions.

Other topics will be "The New Boiler and Machinery Policy," "Loss Settlements and Corporation Income Taxes," "War Time Problems of Fire Waste Control," "The Returning Veteran and Your Insurance Program" (panel discussion), "What Does the Buyer Need and Want?", "Group Permanent Life Insurance," and "Here Is My Problem" (case history panel discussion).

In addition to Mr. Sawyer, speakers will include: A. M. Schmidt, Manager, Insurance Department, Johns-Manville Corporation, and AMA Vice President for the Insurance Division; Percy Bugbee, General Manager, National Fire Prevention Association; J. Dewey Dorsett, General Manager, National Association of Casualty & Surety Executives; and Lyle Wimmer, Assistant Secretary, Travelers Insurance Co.

Mr. Schmidt is in charge of the program.

Personnel 79 Reprinted Because of Wide Demand

Personnel Series 79, "The New Pattern of Labor Relations," of which the original edition was exhausted some time ago, has been reprinted because of widespread demand, and copies are now obtainable from AMA headquarters.

This booklet contains "Management's Responsibility for Human Relations," by Sam A. Lewisohn; "Postwar Labor Stability" ("Some Highlights of the Labor Situation After the War," by Sumner H. Slichter, and "Labor's Viewpoint," by Robert J. Watt); and "Trends in Union Contract Clauses," a report of a panel session at the Industrial Relations Conference in Chicago, February 9-11, 1944.

Also reprinted is *Personnel 76*, "Re-employment of Veterans." This contains authoritative articles on the training and placement of returning servicemen, including two case stories.

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contract providing that in case of lay-off, veterans should have prior claim to employment for a year after rehiring. "The company does not believe," according to a release from the RWLB, "that its clause or Memorandum 190-A is the intent of the Selective Service Law. However, no matter which way the company turns, it will be involved in law suits, and grievances have already been entered by non-veterans with greater seniority because they have been laid off for veterans. The company normally employs 5,000, and has 2,500 to 3,000 in service at the present time."

THE WLB'S ATTITUDE

The company's request was denied, because, according to the RWLB chairman, "the Board is of the opinion that interpretation of the Selective Service Law in regard to the seniority rights of returning veterans is solely within the jurisdiction of Selective Service authorities, and not a function of the War Labor Board."

In other words, the Board puts the matter up to Selective Service. But Selective Service has not seen fit to offer the employer any safeguard against law-suits and grievances which may arise. The employer, evidently, is supposed to extricate himself from the subsequent conflict by some consummate feat of industrial relations.

ACT SHOULD BE CLARIFIED

Now it may be that an actual change in the law is required, either confirming or denying the "super-seniority" provisions of Memorandum 190-A. If the principle this memorandum embodies is the intent of the Act, it should be definitely stated in the law; and employers should be given the right to include sup-

Local Personnel Conference Set For April 11-12

The Personnel Division of AMA, whose most important event of the year—the Midwinter Personnel Conference—was the first AMA gathering to be affected by the ODT convention ban, is planning a local meeting in New York City on April 11 and 12 at the Hotel Pennsylvania. The Division is also planning tentatively for a meeting in Chicago in June so that executives in that area will have the benefit of a personal exchange of information on industrial relations problems current at that time.

At the April conference in New York, many of the speakers scheduled to appear at the Chicago conference will present talks on the same topics. A large percentage of these talks have already been supplied to AMA by the speakers, and the plan has been to publish them in the regular way—meeting or not. Presentation of them at the conference will provide much valuable discussion, however, that could not otherwise be obtained. Plans also call for additional speakers and topics, and the make-up of some of the sessions will be changed to conform with new problems in the industrial relations field.

Topics that are expected to be of especial importance include: the changing status of foremen in relation to collective bargaining in the light of the recently announced recommendations of the NWLB panel on foremen unionization; management's responsibility to white collar workers; seniority problems of veterans and present union employees; the guaranteed wage; changes in clauses in collective agreements; and changes in the wage outlook.

porting provisions in their union contracts. If it is not, Selective Service should withdraw it.

The situation is already difficult for many companies. When veterans are discharged in greater numbers, it may become intolerable.

Alvin E. Dodd.

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